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MEMORANDUM FOR: Assistant to Director of Reconnaissance,
CIA

SUBJECT : Support Activities Management - NRP
Financial Management Procedures

1. I have reviewed the subject document with members of my staff and my comments are contained in the following paragraphs. You will note that under paragraph 3a, b, and c below I have not commented on the excerpts but rather have included them only to highlight certain observations contained in my paragraph 2 below.

2. GENERAL COMMENTS:

a. From an overall point of view, the budget cycle as described in the subject document is consistent with the procedures we have been following during the past several years in our association with the NRO.

b. While the budget cycle is outlined in rather laborious detail, there appears to be some conflicting language concerning the definition of "current" and "operating" year. Additionally, in paragraph 2, reference is made to streamlined procedures and yet in the same paragraph it is indicated that we will, "...generally follow or parallel prescribed or standard (DOD) techniques...".

c. Throughout the document there are continual references to reviews by SAFSS and OSD offices and personnel. My main concern revolves around the identity of these shadowy figures who will be conducting these reviews, and the question, "Will representatives from CIA be a party to these examinations and discussions?"

d. There is no reference to the obligational authority of the DCI under Public Law 110, nor the procurement and funding techniques possible thereunder. There might well be included in the subject document a statement preserving to the NRO/CIA relationship the ability and flexibility of accomplishing less than full FY funding on specific programs so long as individual program scrutiny by a few appropriate and witting personnel determine that the Government's "exposure" contingent liability is adequately covered.

NRO review(s) completed.

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e. There is very little attention given to the role of the EXCOM in the budget review cycle. In fact, it appears from the overall tone of the document that the majority of the responsibility for determining the level of effort of the NRP and specific allocations to the various programs ultimately rests with OSD instead of EXCOM. This is contrary to the NRO agreement signed on 11 August 1965. It is my personal feeling if we proceed under the system outlined in the document, CIA's participation in the NRP will be subject to OSD approval.

3. SPECIFIC COMMENTS:

a. Para 1b. "...which are prepared by OSD analysts...with the analysts recommendations for approval or change...".

b. Para 3a. "...NRO Comptroller (with the assistance of SAFSS) develops specific requests to all program directors for cost estimates...".

c. Para 3d. "...NRO Comptroller (with the assistance of SAFSS) immediately begins a detailed analysis of the ensuing operating FY requirements...".

d. Para 3e. Program directors should participate in discussion between D/NRO and NRO Comptroller. Also there is no mention of EXCOM participation at this point.

e. Para 3h. "...the program director will have access...after D/NRO initial determinations are made... and may reclama any portions...".

COMMENT: If there are substantive disagreements between program directors and D/NRO, should not the EXCOM be the final forum for decisions?

f. Para 3h. "...budget review by the NRP EXCOM... before or after official submission...".

COMMENT: Para D1b of NRP Agreement dated 11 August 1965 states EXCOM will "approve or modify the consolidated NRP and its budget". Also para C4 states DCI will "review and approve NRP budget each year".

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4. Possibly more important than the actual wording of the document is the implication that the NRP is becoming another DOD type of bureaucratic organization which can only detract from its very reason for being, i.e.; a quick response organization to meet national intelligence requirements.

5. Members of my staff are available for further discussions on this matter at your convenience.

JACK C. LEDFORD
Brigadier General, USAF
Director, Special Activities

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